

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, HELD AUGUST 4, 2009, AT 4:00 P.M., AT THE CITY COUNCIL CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

CALL TO ORDER AND ROLL CALL

Mayor Joens called the regular meeting to order at 4:00 p.m. Roll call was taken as follows:

COUNCIL MEMBERS PRESENT

Diane Joens, Mayor
Karen Pfeifer, Vice Mayor
Tim Elinski, Council Member
Duane Kirby, Council Member
Darold Smith, Council Member

COUNCIL MEMBERS ABSENT

Linda Norman, Council Member
Terence Pratt, Council Member

STAFF MEMBERS PRESENT

Doug Bartosh, City Manager
Rudy Rodriguez, Finance Director
Mike Casson, Fire Chief
Roger Biggs, Utilities Administrative Manager

Marianne Jiménez, City Clerk
Dan Lueder, Utilities Director
Tim Costello, City Engineer
Milt Hathaway, Esq.

PLEDGE OF ALLEGIANCE TO THE FLAG

The Pledge of Allegiance was co-led by Mingus Union High School students Rachel Costello, daughter of Public Works Director Tim Costello, and Madison Spude.

BRIEF SUMMARY OF CURRENT EVENTS BY MAYOR, CITY COUNCIL AND/OR CITY MANAGER--
THE PUBLIC BODY DOES NOT PROPOSE, DISCUSS, DELIBERATE OR TAKE LEGAL ACTION ON
ANY MATTER BROUGHT UP DURING THIS SUMMARY UNLESS THE SPECIFIC MATTER IS
PROPERLY NOTICED FOR LEGAL ACTION

Mr. Bartosh stated 12 new firefighters started employment with the City this week. Chief Casson had sent a schedule of opportunities to meet them, the major one being Friday at the S.A.F.E.R. Grant badge pinning ceremony. Chief Fanning was selected by the International Association of Chiefs of Police to attend a domestic violence policy formulation group in Chicago. He had also been selected to attend an all expenses paid class at the Holocaust Museum in Washington, D.C., titled Law Enforcement & Society: The Lessons of the Holocaust. He had previously shared the results of a speed study on Main Street in Old Town conducted by the Street Department. This showed 85 percent of traffic was slower than the 25 mph speed limit and the percentage of trucks was very low. The Twelfth Street construction project between Mingus & Cherry would be published for bids tomorrow.

Vice Mayor Pfeifer stated yesterday that she, the Mayor, Council Member Norman, City Manager Bartosh, Chief Casson, and others attended the unveiling ceremony for the new

auditorium at Mingus Union High School.

Mayor Joens stated she had attended a water reuse seminar Thursday and Friday. A major theme was that wastewater should be a water source.

CALL TO THE PUBLIC

There were no comments from the public.

APPROVAL OF MINUTES—Regular Meeting of 7/21/09 & Work Session of 7/14/09

Council Member Kirby moved to adopt the minutes. Council Member Smith seconded the motion, which carried unanimously.

OLD BUSINESS

RENEWAL OF AIRPORT LAND LEASE WITH RED ROCK SKYDIVING, LLC

Mr. Costello stated this lease was for the land upon which Red Rock Skydiving, L.L.C. had its building situated. The lessee originally assumed the lease of the previous operator. That agreement contained a provision for a ten-year extension. At the recommendation of the Airport Commission, the period of extension has been reduced to three years in a new contract following the expiration of the old one. Other commission recommendations were to increase the amount of the lease by \$25 per month (making the monthly fee \$125 instead of \$100) and adding an escalator clause which would increase the lease fee annually. The commission favorably viewed this operation at the airport which was regarded as a promotion for the facility and for local tourism.

Council Member Smith asked if there had been a study to evaluate what comparable property was worth elsewhere in the city. This property paid no taxes.

Mr. Costello stated a comparison of rent had been done with the active air side of the airport. This ground rent was exactly comparable to other ground leases, such as hangers and tie downs.

Council Member Smith stated he wanted to know about areas for the general public such as downtown. He wanted to know whether it should be compared to other airport property or with comparable property in town that did pay property tax.

Mr. Costello stated the rates were based on what the fees were for other ground leases at the airport and an appraisal done several years prior.

Mayor Joens stated a business such as this actually went along with the Council's economic development plan. It wanted to promote all kinds of activities including skydiving, hang gliding, camping, walking, and kayaking. This business fell right into those categories it

wanted to promote. People who came to skydive most likely would be from out of town. They would stay at local motels, eat at local restaurants, etc. There were benefits from airport businesses, which was the original idea for having them.

Council Member Kirby stated comparing this to businesses in town or away from the airport was ridiculous. Skydiving was not operating in town or away from the airport but at the airport. Those businesses there were the only businesses it could be compared to.

Council Member Smith stated his problem was the City had been giving that property away for virtually nothing.

Council Member Kirby strongly disagreed.

Council Member Smith stated for \$125 a year per acre for 75 to 100 years came out pretty cheap. If it was improved, it was a penny an acre or \$440 a year. That was pretty cheap. You could not rent a locker over there for less than a hundred and a half a month. We were giving it away. His feeling was that it should be compared. Mr. Priggee was running a non-competitive business.

Mayor Joens stated there was no one else in town who provided these services.

Council Member Smith stated we had never gone out for bid on this.

Vice Mayor Pfeifer stated the way she saw it, they had a one-of-a-kind business. Landing parachutes on Main Street was out of the question. We were encouraging business like this. They bought a business that was already out there. She knew there were people who had a problem with the way the airport had been run in the past and would be run in the future because of the 100-year lease issue. Skydiving brought all kinds of people into town. It was a good way to showcase the airport. There was no way of comparing their business with those outside the airport. She favored doing what we could to keep them out there.

Council Member Smith stated someone might be willing to bid \$1,000 or \$1,500 a month for that property.

Mayor Joens asked how going out to bid would work.

Mr. Costello stated in 2001 there was a public offering for land leases at the airport. Of the two offerings, one ended up being for storage hangers and the other was for the parcel at the end of the access road to the west. Skydiving was contemplated for that one and it went out for bid. There was only one bid for this parcel for which the bid required an aviation based business for which the lessee would have to build his own facility and run in their own utilities. The City did not invest anything.

Council Member Smith stated his argument was \$125 per month was extremely cheap for a piece of property anywhere in this town. He would love to be able to lease a place for that

amount.

Council Member Kirby stated the lease was not for the building, which they owned. That was their investment. The lease was for the footprint of the building.

Mr. Costello stated it was for 55 feet by 60 feet.

Mayor Joens stated Cottonwood had always supported its businesses. This was a business we wanted to support. Just having the business was a contribution to the community.

Council Member Smith stated he was not against skydiving. He was against the price they were paying.

Mayor Joens stated the price was fair for this particular business.

Council Member Elinski stated the issue tonight was not whether it was a cheap deal but whether it was in keeping with what we were charging for the rest of the leases there. It was appropriately priced and fair.

Mr. Karl Priggee, owner of Red Rock Skydiving, L.L.C., stated he had concerns about the rent amount and the escalation clauses. Their charges for a tandem drop were the highest in the state. They competed with the largest drop zone in the country south of Phoenix in Eloy. His prices were based on expenses and pegged at \$225. Eloy charged \$179-\$199. If rents were continually increased his prices would become less competitive and he feared he would lose business. If flights for skydiving decreased, so would chances to attract federal grants and there would be fewer fuel purchases from the airport. He felt his gas purchases were substantial enough to warrant a bulk discount on the cost of fuel.

Mayor Joens stated she received a letter from Mr. Gay regarding a statement in the Airport Commission minutes about charging rent on the access road.

Mr. Costello stated it was about the western access road. A comment in the Airport Commission minutes stated it was like an exclusive driveway to the skydive area. His statement was that it was really an area of the airport that could be used by any user with parking developed along the airport side to access the hangars. The rent amount did not include the road, the building, or the drop zone, but for the ground directly under the building. The points that Mr. Priggee brought up regarding his rent and the possibility of a discount on fuel purchases were discussed at the last meeting of the Airport Commission on July 15th, but the Commission believed the current arrangements should remain as they were.

Council Member Kirby stated there had never been any changes made on leases that had been transferred. Changing terms of leases was not the way we had handled these things in the past. Isolating this one would bring about the same arguments whenever properties changed hands.

Mr. Costello stated the term of this lease had ended. The others were for hanger ground leases and had still been within their original 20-year terms.

Mr. Bartosh stated this was a new lease, not a reassignment. The lease had expired and it was appropriate to make changes.

Council Member Kirby moved to approve the lease for Red Rock Skydiving as recommended by the Airport Commission. Vice Mayor Pfeifer seconded the motion.

Council Member Smith asked who owned the original lease.

Mr. Bartosh stated we did.

A vote was taken on the motion, which carried unanimously.

CONSENT AGENDA--The following items are considered to be routine and non-controversial by the Council and will be approved by one motion. There will be no separate discussion of these items unless a Council Member or a citizen so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda

APPROVAL OF PAY ESTIMATE NUMBER 6 FOR THE RECREATION CENTER PROJECT

RESOLUTION NUMBER 2460—APPROVING AN AGREEMENT WITH THE NORTHERN ARIZONA COUNCIL OF GOVERNMENTS TO PROVIDE FUNDING FOR THE OPERATION OF THE COTTONWOOD AREA TRANSIT

There were no requests from Council Members or members of the public to pull any item from the consent agenda for discussion.

Council Member Elinski moved to approve the consent agenda. Council Member Kirby seconded the motion, which carried unanimously.

Mayor Joens asked the City Clerk to read Resolution Number 2460 by title only.

RESOLUTION NUMBER 2460

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, APPROVING AN AGREEMENT WITH THE NORTHERN ARIZONA COUNCIL OF GOVERNMENTS FOR THE USE OF COMMUNITY SERVICE BLOCK GRANT FUNDS AND SOCIAL SERVICES BLOCK GRANT FUNDS FOR THE COTTONWOOD AREA TRANSIT.

NEW BUSINESS

PUBLIC HEARING REGARDING THE ADOPTION OF THE CITY'S FINAL BUDGET FOR FISCAL YEAR 2009-2010

Mr. Rodriguez stated it was required to have a public hearing prior to the adoption of the final budget for fiscal year 2009-2010.

Mayor Joens opened the floor to the public. There were no comments from the public.

RESOLUTION NUMBER 2459—ADOPTING THE FINAL BUDGET FOR FISCAL YEAR 2009-2010 AND ESTABLISHING AN EXPENDITURE LIMITATION

Mr. Rodriguez stated the budget remained at \$132,562,405 as presented during the tentative budget. There had been minor changes as previously discussed. This did not mean that further changes could not be made. This was a dynamic document which allowed for changes provided the bottom line was not changed. When approving the budget, approval would also be given by the Council for the City's merit program; for the new positions added during previous work sessions; for the City wide reorganization which took place July 1st; authorization given for recruitment for any vacancies scheduled; approval given for reclassifications and salary adjustments approved in previous work sessions; a continuance given for the present levels of employee contributions for dependent healthcare coverage; permission given to purchase equipment, material, and supplies using the existing procurement procedures; approval given for the acquisition, planning, and construction of any budgeted capital projects using established guidelines; and acceptance of expenditures as noted in the budget document as presented and discussed during budget work sessions.

Council Member Kirby asked the difference between the merit program and the cost of living adjustments (COLA).

Mr. Rodriguez stated the merit program continued to be funded, averaging 4.5 percent a year. It was based on performance and was not guaranteed. It could vary from two to seven percent. The cost of living increase would be one straight across-the-board increase for everyone, and had not been approved for the past two years.

Council Member Smith asked if merit increases were permanent rather than temporary once awarded.

Mr. Rodriguez stated both merit and COLA increases were permanent, not temporary.

Mr. Bartosh stated there were different pay grades with ranges in which merit increases could be achieved until people reached the top of their grade.

Council Member Kirby asked if, when people reached the top of the grade, that was when there was a change of grade to be approved.

Mr. Rodriguez stated in the past, the top of a grade was frozen. Because of disparities with comparable positions, the ceilings have been removed.

Mayor Joens asked for comments from the public and no one from the public chose to speak.

Council Member Smith stated there was a perception that we had not given COLA or raises but were spending money like water to buy buildings and other things, but not giving raises. Someone should write a letter to the public to explain. The City had saved money to be able to do this during a down time in the economy.

Mayor Joens stated one of the sources of misunderstandings concerned the difference between capital expenses versus operational expenses. Capital expenses were one-time expenditures while operational expenditures were ongoing.

Mr. Bartosh stated he had done an article for the Communiqué that explained this to employees. Capital money could not be used for salaries. Such information could be shared with the public if the Council so wished.

Council Member Kirby stated it was their responsibility as members of the Council to respond to such talk by explaining our actions. People should be responded to as individuals.

Mr. Rodriguez stated staff had received copies of an article from Arizona State University about how cities went about spending money in times of a tough economy. That information was on our web page. It reinforced what we have done the past 18 months to help pump money into the economy.

Vice Mayor Pfeifer stated she has explained the city policy to citizens noting that we had a balanced budget and were not in the same position a lot of other cities were. She had had a problem spending money too. For many years we had saved. Finance officers, councils and city managers had been very frugal. Now, we could buy these buildings for thousands of dollars less, put more into the economy, keep people working, and do what we could to help this so called recession. We needed to let people know that, accentuating the positive.

Mr. Rodriguez stated people were encouraged to call his office. He would be more than happy to speak with them.

Vice Mayor Pfeifer moved to adopt the final budget for fiscal year 2009-2010 and establish an expenditure limitation. The motion was seconded by Council Member Kirby, and carried unanimously.

Mayor Joens asked the City Clerk to read Resolution Number 2459 by title only.

RESOLUTION NUMBER 2459

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, ADOPTING THE FINAL BUDGET FOR FISCAL YEAR 2010 AND ESTABLISHING AN EXPENDITURE LIMITATION.

PRE-HOSPITAL CARE EMERGENCY SERVICES AGREEMENT BETWEEN THE COTTONWOOD FIRE DEPARTMENT AND THE VERDE VALLEY MEDICAL CENTER

Chief Casson stated this agreement was similar to ones that had been in place with the Verde Valley Medical Center (VVMC) since 1985. VVMC was the fire department's base hospital. In order for the fire department to perform paramedic services in the community, it had to operate under the license of a medical director such as the one employed by VVMC. The last agreement was entered into in 2004. This one was substantially the same with exceptions for minor changes to enable VVMC to remain compliant with the Arizona Department of Health Services. There was also an adjustment in the reimbursement we paid the hospital for drug boxes. These now cost \$525 for ongoing replenishment over the course of a year. The prior cost was \$400.

Council Member Smith asked for details about the drug boxes.

Chief Casson stated they had two which contained all the medication they could prescribe to patients being treated in the field under a doctor's direction. Many of the drugs had short shelf lives and had to be replaced periodically.

Mayor Joens asked if there were any comments from the public, and there were none.

Council Member Smith moved to approve the pre-hospital care emergency service agreement between the Verde Valley Medical Center and the Cottonwood Fire Department, and authorize the fire chief to execute the agreement on behalf of the Cottonwood Fire Department. The motion was seconded by Council Member Elinski, and carried unanimously.

RESOLUTION NUMBER 2461-SUPPORTING THE APPLICATION BY A VERDE VALLEY BROADBAND COOPERATIVE FOR FEDERAL GRANT FUNDS FROM THE DEPARTMENT OF AGRICULTURE RURAL UTILITY SERVICES BROADBAND INITIATIVES PROGRAM AND THE DEPARTMENT OF COMMERCE NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM TO OBTAIN FUNDING FOR REGIONAL BROADBAND INFRASTRUCTURE CONSTRUCTION AND PROGRAM DEVELOPMENT

Mr. Bartosh stated this request was a tremendous economic development opportunity for the Verde Valley. Our economic development director, working together with his counterparts from Clarkdale and Sedona, were working to bring broadband technology to the Verde Valley. By bringing it into the region we could hope to attract businesses which

used that technology. The first step would be to submit a request for a grant to begin the study process to determine what it would take to accomplish bringing broadband into the Verde Valley. Resolutions were being sought from each of the valley's municipalities in support of the project.

Mayor Joens noted a mention of "Sedona" in the resolution where it should read "Cottonwood".

Council Member Smith moved to adopt Resolution Number 2461 supporting the creation of a regional broadband cooperative and supporting the grants requests. Vice Mayor Pfeifer seconded the motion, which carried unanimously.

Mayor Joens asked the City Clerk to read Resolution Number 2461 by title only.

RESOLUTION NUMBER 2461

A RESOLUTION OF THE CITY OF COTTONWOOD, ARIZONA, SUPPORTING THE APPLICATION BY A VERDE VALLEY BROADBAND COOPERATIVE FOR FEDERAL GRANTS FROM THE DEPARTMENT OF AGRICULTURE RURAL UTILITY SERVICES BROADBAND INITIATIVES PROGRAM AND THE DEPARTMENT OF COMMERCE NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM TO OBTAIN FUNDING FOR REGIONAL BROADBAND INFRASTRUCTURE CONSTRUCTION AND PROGRAM DEVELOPMENT.

CLAIMS & ADJUSTMENTS

Vice Mayor Pfeifer moved to pay the claims. Council Member Kirby seconded the motion, which carried unanimously.

PURSUANT TO A.R.S. § 38-431.03.(A) (3)--UPON A PUBLIC MAJORITY VOTE OF THE MEMBERS CONSTITUTING A QUORUM, A PUBLIC BODY MAY HOLD AN EXECUTIVE SESSION FOR THE FOLLOWING PURPOSE: DISCUSSION OR CONSULTATION FOR LEGAL ADVICE WITH THE ATTORNEY OR ATTORNEYS OF THE PUBLIC BODY; § 38-431.03.(A) (4), DISCUSSION OR CONSULTATION WITH THE ATTORNEYS OF THE PUBLIC BODY IN ORDER TO CONSIDER ITS POSITION AND INSTRUCT ITS ATTORNEYS REGARDING THE PUBLIC BODY'S POSITION REGARDING CONTRACTS THAT ARE THE SUBJECT OF NEGOTIATIONS, IN PENDING OF CONTEMPLATED LITIGATION OR IN SETTLEMENT DISCUSSIONS CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION; REGARDING THE TOM MULCAIRE CONTRACTING, LLC CASE

Mr. Bartosh stated his recommendation was that the Council should convene into executive session for advice concerning this litigation from our representing attorney.

Mayor Joens moved to go into executive session. The motion was seconded by Vice Mayor Pfeifer, and carried unanimously.

Mr. Bartosh stated Mr. Lueder and Mr. Biggs would attend the session along with attorney Milt Hathaway.

At the conclusion of the executive session, Mayor Joens moved to resolve into regular session. The Motion was seconded by Council Member Elinski, which carried unanimously.

ADJOURNMENT

Council Member Kirby moved to adjourn. Mayor Joens seconded the motion, which carried unanimously. The regular meeting adjourned at 6:12 p.m.

Diane Joens, Mayor

Marianne Jiménez, City Clerk

CERTIFICATION OF MINUTES

I hereby certify that the attached is a true and correct copy of the minutes of a regular meeting of the City Council of the City of Cottonwood held on August 4, 2009. I further certify that the meeting was duly called, and that a quorum was present.

Marianne Jiménez, City Clerk

Date